

FAX TO: Lezlie Kimura
916-322-3646

FROM: Pat O'Toole
LAEDC

DATE: June 22, 2009

PAGES: 5

Good Morning Lezlie,

Thank you for your assistance with the distribution of the attached letter. I will call you later today to confirm you have received the fax.

All the best-

Pat O'Toole

Andrew Chesley
Executive Director
San Joaquin Council of
Governments

Steve Heminger
Executive Director
Bay Area Metropolitan
Transportation Commission

Manuel Pastor, Jr.,
Professor of Geography
and American Studies
and Ethnicity University
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**LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION**

June 22, 2009

Dear Regional Targets Advisory Committee Members:

On behalf of the Los Angeles County Economic Development Corporation (LAEDC), an organization dedicated to promoting job growth, economic expansion, and preserving the overall global competitiveness of Los Angeles County, I am submitting this letter to respectfully urge the Regional Targets Advisory Committee (RTAC) to carefully and adequately consider the potential economic impacts of the implementation and operationalization of Senate Bill 375 (SB 375) when preparing its recommendations to the California Air Resources Board (ARB) for setting regional greenhouse gas (GHG) emission targets.

The LAEDC commends our state's leaders for their deep and categorical commitment to GHG emission reduction and combating the effects of climate change. California's landmark Global Warming Solutions Act of 2006 (AB 32) is almost certainly the nation's most aggressive legislative attempt to reduce GHG emissions and combat the effects of climate change, mandating a return to 1990 GHG emission levels of 426.6 million metric tons (MMT) by 2020, a cut of almost 30% from the 600 MMT forecast under a "business as usual" scenario.

The LAEDC is committed to helping California reach its global warming and GHG emission target goals under AB 32 and now SB 375, the next step to achieving AB 32's goal by reducing transportation-orientated GHG emissions. But while the LAEDC supports the proposed global warming and GHG emission reduction objectives of AB 32 and SB 375, the LAEDC is equally committed to ensuring that ample consideration is paid to the economic impact of these regulations so that California's global warming and GHG emission goals are achieved in an economically beneficial, effective and sustainable way.

We fully appreciate and understand that passing AB 32 and SB 375 was the easy part. And now the bigger challenge lies in deciding how to actually implement and realize the express mandates and goals of these GHG reduction measures without doing critical damage to our state's economy. That's because emission reduction measures under AB 32 and SB 375 will cost a lot of money and pose huge economic risks to our state's economy, especially to the Southern California economy, which will contribute by far the largest share of emission reductions necessary to achieve the state's GHG emission goals.

Although SB 375 is programmatic legislation that implements only a portion of AB 32 reductions by integrating transportation and land-use planning to reduce transportation-orientated GHG emissions from automobiles and light trucks, SB 375 – like AB 32 – has the potential to disproportionately and irreparably hurt our economy if not implemented properly. As you know, SB 375 requires regional planning agencies to develop a sustainable communities strategy (SCS) as part of their regional transportation plan (RTP). In turn, the SCS will serve as a blueprint for development in a region. Specifically, SB 375 states:

The sustainable communities strategy shall...set forth a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce greenhouse gas emissions from automobiles and light trucks to achieve, *if there is a feasible way to do so*, the

greenhouse gas emission reduction targets approved by the state board [ARB].¹ (Government Code § 65080(b)(2)(B)(vii); Emphasis added)

Reading SB 375's express language above, one is quickly struck by the explicit language which states that a SCS shall set forth a forecasted development pattern for the region to achieve GHG emission reduction targets if there is a *feasible way* to do so. As a matter of both consistency and reason, we believe that because SB 375 is intended to address a portion of AB 32's climate change and GHG emission reduction targets through land use and transportation planning, the "feasible way" standard in SB 375 must be logically defined and interpreted using the corresponding AB 32 standard for "minimizing costs and maximizing benefits for the California economy." More specifically, AB 32 plainly states:

It is the intent of the Legislature that the State Air Resources Board design emissions reduction measures to meet the statewide emissions limits for greenhouse gases established...in a manner that *minimizes costs and maximizes benefits for California's economy*, improves and modernizes California's energy infrastructure and maintains electric system reliability, *maximizes additional environmental and economic co-benefits for California*, and complements the state's efforts to improve air quality.² (Health and Safety Code § 38501(h); Emphasis added)

In adopting regulations..., *to the extent feasible* and in furtherance of achieving the statewide greenhouse gas emissions limit, the state board shall do all of the following: (1) Design the regulations, including distribution of emissions allowances where appropriate, in a manner that is equitable, seeks to *minimize costs and maximize the total benefits to California*,... (Health and Safety Code § 38562(b)(1); Emphasis added)

In addition to meeting the requirements of the manifest and corresponding statutory language of AB 32, we believe the AB 32 standard "to minimize costs and maximize the total benefits for California's economy" is the most sensible and precautionous interpretation of SB 375's "feasible way" standard in light of the profound potential risks to our economy *and environment*. Simply put, if the costs of compliance become too burdensome and the substantial economic risks posed by these measures are realized, then California will lose many businesses and jobs, and no one will follow our [GHG emission reduction] lead.

Ultimately, this matters because for these ground-breaking, landmark environmental measures to be truly consequential – that is, universally adopted by other domestic and global locales, we must prove that environmental responsibility is compatible with economic opportunity. Should we fail to show that these climate change measures are complementary with economic sustainability, then California's planned reductions will be meaningless as the rest of the United States and other countries refuse to follow suit. Indeed, the only way to encourage others to emulate our actions is to actually and clearly demonstrate that aggressive GHG reductions can be had without jeopardizing economic and job growth.

Given the serious economic risks associated with implementing SB 375 injudiciously with respect to its economic impacts as well as the fact that SB 375 was passed as a follow on global warming measure to AB 32 (with unambiguously clear criterion for designing environmentally and economically beneficial emission reduction measures), we believe that SB 375 should comport to AB 32's "environmental and economic co-

¹ SB 375 amends Sections 65080, 65400, 65583, 65584.01, 65584.02, 65584.04, 65587, and 65588 of, and adds Sections 14522.1, 14522.2, and 65080.01 to, the Government Code. SB 375 amends Section 21061.3 of, and adds Section 21159.28 and Chapter 4.2 (commencing with Section 21155) to Division 13 of the Public Resources Code.

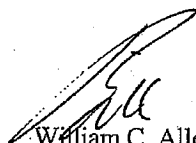
² AB 32 adds Division 25.5 (commencing with Section 38500) to the Health and Safety Code.

benefits" mandate and give corresponding, matching and equal consideration to the economic impact for GHG emission reduction targets, measures and policies. Under SB 375, this would require:

1. Regional targets and planning models incorporate an "economic impact test" so that transportation and land use plans also promote positive economic impact; and
2. Sustainable strategies developed under SB 375 meet the "economic co-benefits" mandate of AB 32 so that a region's SCS must demonstrate economic co-benefits to be deemed conforming by ARB.

We hope that RTAC will adequately consider both of these requirements as it develops and recommends factors to be considered by ARB in setting GHG targets. And we look forward to working with RTAC, Southern California Association of Governments (SCAG), and SCAG's sub-regional partners to ensure that AB 32 and SB 375 are implemented in a way that not only benefits our environment, but protects California jobs, the state's economy and our overall quality of life.

Sincerely,



William C. Allen
President & CEO
LAEDC

cc: Governor Arnold Schwarzenegger
Senate President Pro Tempore Darrell Steinberg
Assembly Speaker Karen Bass
California Air Resources Board